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December 1, 1995

RECORDATION NO. 19623-B FILED 1425
DEC 1 - 1995 11 20 AM
INTERSTATE COMMERCE COMMISSION

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two copies of a Security Agreement, dated as of November 30, 1995, a secondary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The enclosed document relates to the Railroad Equipment Lease duly filed with the Commission under Recordation Number 19623.

The names and addresses of the parties to the enclosed document are:

Debtor: ATEL Cash Distribution Fund VI, L.P.
235 Pine Street
San Francisco, California 94104

Secured Party: Sanwa Bank
444 Market Street, 23rd Floor
San Francisco, California 94111

A description of the railroad equipment covered by the enclosed document is:

Thirty-six (36) locomotives CR 6441 through CR 6476

Mr. Vernon A. Williams
December 1, 1995
Page 2

Also enclosed is a check in the amount of \$21.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Robert W. Alvord', written in a cursive style.

Robert W. Alvord

RWA/bg
Enclosures

SECURITY AGREEMENT

DEC 1 1995 11 30 AM

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT, dated as of November 30, 1995 (the "Agreement"), is made by ATEL CASH DISTRIBUTION FUND, VI, L.P., a California Limited Partnership, ("Borrower"), in favor of SANWA BANK CALIFORNIA, a State Chartered Bank ("Secured Party").

RECITALS

Pursuant to that certain Credit Agreement dated the 4th day of May, 1995 between Secured Party and Borrower, et. al., (the "Credit Agreement"), Secured Party has agreed to extend certain financial accommodations to Borrower. Borrower has requested Secured Party to make a loan to Borrower pursuant to Credit Agreement. Secured Party is willing to make such loan to Borrower, but only upon the condition, among others, that Secured Party shall have executed and delivered to Secured Party this Agreement.

NOW, THEREFORE, in order to induce Secured Party to make a loan to Borrower, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Borrower hereby represents, warrants, covenants and agrees as follows:

1. DEFINITIONS.

As used herein, the following terms shall have the following meanings (such meanings to be equally applicable to the singular and plural forms of the terms defined):

"Agreement" means this Security Agreement, as it may from time to time be amended, modified or supplemented.

"Assigned Lease" means the Lease as it relates to the Equipment.

"Cash Collateral" has the meaning set forth in the Credit Agreement.

"Cash Collateral Account" has the meaning set forth in Section 8.

"Collateral" has the meaning set forth in Section 2.

"Commission" means the Interstate Commerce Commission.

"Credit Agreement" means that certain Credit Agreement dated the 4th day of May, 1995 between Secured Party and Borrower, et. al., as the same may from time to time be amended, modified, supplemented or renewed.

"Default" means the occurrence or non-occurrence of an event which would, with the giving of notice or the lapse of time, or both, constitute an Event of Default.

"Eligible Lease" has the meaning set forth in the Credit Agreement except the provisions of clause (xi) of such definition.

"Equipment" means those certain locomotives described on Schedule 1 attached hereto, together with any and all parts, mechanisms, devices, replacements, additions and improvements from time to time incorporated in, installed on or attached to any of such Equipment.

"Event of Default" means an event described in Section 5.

"Intercreditor Agreement" means that certain Intercreditor Agreement dated as of May 4, 1995 by and among Secured Party, First Union National Bank of North Carolina, a national banking association, and Borrower, et. al.

"Lease" means that certain Railroad Equipment Lease (Net) by and between Borrower, as lessor, and Consolidated Rail Corporation, a Pennsylvania corporation, dated as of September 29, 1995, and all renewals and extensions thereof.

"Lease Receivable" means all rent, insurance proceeds, damages and other monies from time to time payable to or receivable by Borrower with respect to the Assigned Lease.

"Lessee" means Consolidated Rail Corporation, a Pennsylvania corporation, and its successors and permitted assigns as lessee under the Lease.

"Lien" means any voluntary or involuntary security interest, mortgage, pledge, claim, charge, encumbrance, title retention agreement, or third party interest in or on property.

"Memorandum of Lease" has the meaning set forth in Section 4.3(g).

"Loan Documents" means the Credit Agreement, this Agreement, and any and all other agreements, documents and instruments executed and delivered by or on behalf of Borrower evidencing or otherwise relating thereto, as the same may from time to time be amended, modified, supplemented or renewed.

"Obligations" means all debts, liabilities and obligations of Borrower to the Secured Party arising under the Loan Documents, whether existing on the date of this Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent,

matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise.

"Permitted Lien" has the meaning set forth in the Credit Agreement.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association or joint venture.

"Proceeds" means whatever is receivable or received, whether cash or non-cash, whether voluntary or involuntary, upon the sale, collection, refinancing, lease rental, other use or disposition of the Collateral or Proceeds, including, without limitation, all funds held in the Cash Collateral Account, all rights to payment with respect to insurance or condemnation, returned premiums, and any cause of action relating to any of the foregoing.

"Recordation Provisions" means the recordation provisions of 49 U.S.C. Section 11303 and the regulations promulgated thereunder in 49 CFR 1177, and Section 90 of the Railway Act of Canada (R.S.C. 1985), as the same may from time to time be modified, amended, or supplemented.

"Records" means all computer programs, software, source code and data processing information, books, invoices, ledgers and other writings pertaining to, the Equipment, the Assigned Lease or any other item of Collateral, including, without limitation (i) a copy of each invoice with respect to each item of Equipment, and (ii) evidence of the insurance required hereunder.

"Uniform Commercial Code" means the Commercial Code of the State of California.

2. **GRANT OF SECURITY INTEREST.** To secure the timely payment and performance of the Obligations, Borrower hereby assigns, pledges, mortgages and grants to Secured Party a continuing security interest in and Lien on all of Borrower's right, title and interest in and to the following, whether now owned or hereafter acquired or arising, and wherever located, (all of which are hereinafter sometimes collectively referred to as the "Collateral"):

(a) The Equipment;

(b) The Assigned Lease;

(c) All rent, issues, profits, revenues, fees, lease payments, additional rents and all other amounts due or to become due and payable to Borrower from Lessee or

any other Person arising from or pursuant to the Assigned Lease, (ii) all claims for damages arising out of the breach or termination of the Assigned Lease, (iii) the right, if any, to terminate the Assigned Lease, to perform thereunder and to compel performance of the terms thereof, (iv) the right to take possession of the Equipment subject to the Assigned Lease, (v) the right to give waivers and to enter into any amendments relating to the Assigned Lease or any provision thereof, (vi) the right to take such action upon the occurrence of an event of default (as therein defined) under the Assigned Lease, including, without limitation, the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Assigned Lease or by law, (vii) all other rights, claims, causes of action, if any, which Borrower may have against the Lessee, including, without limitation, the right to exercise any options or remedies under the Assigned Lease; (viii) all other proceeds (including, without limitation, casualty value insurance and indemnity payments) due to Borrower pursuant to the Assigned Lease, whether the result of a casualty occurrence, damage to or destruction of any Equipment or otherwise; and (ix) all chattel paper, contracts, instruments and other documents evidencing the Assigned Lease and any monies due or to become due to Borrower thereunder or related thereto; and (x) all payments under insurance payable by reason of any loss, tort or other claims or awards arising out of any damage to, condemnation, or requisition of any Equipment;

(d) All warranties, indemnities, claims, contracts, rights to payment of money or similar rights with respect to the Equipment including, without limitation, tax refund claims, and policies and contracts of insurance;

(e) All rights to the identifying marks assigned to the Equipment;

(f) All guaranties, letters of credit, assigned interests held by Borrower in leases or other properties of any other Person in favor of or given or granted Borrower securing or as support for the payment or performance of the Assigned Lease;

(g) All Records;

(h) The Cash Collateral;

(i) All improvements, replacements, attachments, additions, accessories and accessions to, substitutions for, and products (whether cash or non-cash) of all of the properties and interests described in this Section 2; and

(j) All Proceeds.

3. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Secured Party that at all times during the term of this Agreement:

3.1 Due Organization. Borrower is duly organized, validly existing and in good standing under the laws of the State of California and is qualified and licensed to do business in all jurisdictions in which such qualification and licensing is required or in which the failure to so qualify or to be so licensed could have a material adverse effect on Borrower. Borrower has all necessary powers, authority, rights and franchises to own its property and to carry on its business as is now conducted.

3.2 Authority. The execution, delivery and performance by Borrower of this Agreement and any Loan Document have been duly authorized and do not and will not: (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having application to the Borrower (ii) result in a breach of or constitute a default under any material indenture or loan or credit agreement or other material agreement, lease or instrument to which Borrower is a party or by which it or its properties may be bound or affected or (iii) require any consent or approval of its limited partners or violate any provision of its partnership agreement.

3.3 Legal Effect. This Agreement has been duly executed and delivered on behalf of Borrower and constitutes, and any instrument, document or agreement required hereunder when delivered hereunder will constitute, legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, subject to insolvency laws and equitable principles affecting creditors generally.

3.4 Chief Executive Office. Borrower's chief executive office and principal place of business is located at 235 Pine Street, 6th Floor, San Francisco, CA 94104, and it maintains its books and records, including, without limitation, the Records, at such address. Borrower maintains no other place of business.

3.5 Trade Name. Borrower has not conducted business under any name other than "ATEL Cash Distribution Fund VI, L.P.".

3.6 No Default. No Event of Default or Default has occurred or exists.

3.7 Financing Statement. There is no effective financing statement, security agreement or other instrument similar in effect covering all or any part of the Collateral on file in any recording or filing office except such as may have been filed in favor of Secured Party and with respect to the Permitted Liens.

3.8 Collateral. Borrower owns the Collateral free and clear of all Liens except for (i) the Lien created by this Agreement in favor of Secured Party, (ii) the interests of the Lessee under the Lease, and (iii) the Permitted Liens.

3.9 Lease.

- (a)** The Lease is an Eligible Lease;
- (b)** The Equipment subject to the Lease is described and properly identified by serial, running or other identifying mark and number in such Lease;
- (c)** The original executed counterpart of the Lease delivered to Secured Party concurrently with the execution of this Agreement is the only original executed counterpart (other than the one delivered to Lessee) of such Lease and Borrower does not have possession of or control over any other duplicate executed counterpart of such Lease;

4. COVENANTS. At all times during the term of this Agreement and until Borrower's payment and performance of all Obligations:

4.1 Preservation of Existence; Compliance with Applicable Law. Borrower shall maintain and preserve its existence and all rights and privileges now enjoyed; not liquidate or dissolve or, without Secured Party's prior written consent (which consent will not be unreasonably withheld), merge or consolidate with or into, or acquire any other business organization; not change its current or add any additional general partner (except as permitted by the Credit Agreement); and conduct its business and operations in accordance with all applicable laws, rules and regulations.

4.2 Servicing of Lease. Borrower shall service, or cause to be serviced, the Lease at its expense and without charge of any kind to Secured Party. The service obligations shall include accounting for the Lease and the proceeds thereof and collections thereon (including any and all Lease Receivables), collecting all sums owing and to become owing thereon when the same become due (including the institution and maintenance of any actions or proceedings, judicial or otherwise, to collect any sums or to enforce rights with respect to security for the payment of such Lease), assuring that casualty insurance with respect to the lease is maintained and that payment of the premiums with respect thereto is made when due, making and processing any claims under any such insurance and maintaining records regarding taxes upon the Equipment subject to the lease, and paying the taxes, assessments, and other charges against such Equipment before the same become delinquent, and defending any security interest securing payment of the Lease (including any appearances in any legal actions or proceedings or otherwise to protect and defend the same).

4.3 Collateral. With respect to the Collateral, Borrower shall:

(a) promptly procure, execute and deliver from time to time any endorsements, assignments, financing statements and other writings deemed necessary or appropriate by Secured Party to perfect, maintain and protect its security interest in the Collateral and the priority thereof, including, without limitation, to obtain the release, at no cost or expense to Secured Party, of any rights to service the Collateral, and, following the occurrence of an Event of Default, deliver promptly to Secured Party the originals of all instruments and documents constituting Collateral endorsed and assigned, and the Records.

(b) not surrender or lose possession of any Collateral except the Equipment (other than to Secured Party), sell, contract for sale, convey, transfer, assign, lease or sublet (except pursuant to the Lease), or otherwise dispose of any Collateral or right or interest therein, without the consent of Secured Party;

(c) upon the request of Secured Party, account fully for and promptly deliver to Secured Party, (in the form received in the event of the occurrence and continuance of an Event of Default), all Lease Receivables, endorsed to Secured Party as appropriate and accompanied by such assignments and powers, duly executed, as Secured Party shall request, and until so delivered all Lease Receivables shall be held in trust for Secured Party, separate from all other property of Borrower and identified as the property of Secured Party;

(d) at any reasonable time, upon demand by Secured Party and in accordance with the provisions of the Lease, exhibit to and allow inspection by Secured Party (or persons designated by Secured Party) of the Collateral and the Records;

(e) place on its records pertaining to the Collateral notations and legends, in form and content satisfactory to Secured Party, indicating that such Collateral has been assigned to Secured Party;

(f) execute and deliver to Secured Party a directive in the form of Exhibit A attached hereto (the "Lease Directive"), to be maintained in the custody of Secured Party, and sent by Secured Party to the Lessee under the Lease upon the occurrence of Event of Default;

(g) cause to be filed and recorded with the Commission in accordance with the Recordation Provisions, this Agreement or a memorandum of this Agreement and the Lease or a memorandum of lease in a form acceptable to the Commission for filing and recording ("Memorandum of Lease"), and cause this Agreement or a memorandum thereof and the Lease or a Memorandum of Lease to be filed and recorded with the Deputy Registrar General of Canada in accordance with the Recordation Provisions;

(h) maintain, at 235 Pine Street, 6th Floor, San Francisco, CA 94104, or such other address Secured Party consents to in writing, the Records; and concurrently with the execution of this Agreement, deliver to Secured Party: (i) the original counterpart of the Lease, (ii) a copy of the Lease or Memorandum of Lease filed and recorded with the Commission pursuant to Section 4.3(g) which has been endorsed by the Commission to indicate the date and time such filing was made and the recordation number under which it was filed, (iii) a copy of the Lease filed and recorded with the Deputy Registrar General of Canada pursuant to Section 4.3(g) which has been endorsed by the Deputy Registrar General of Canada to indicate the date and time such filing was made and the recordation number under which it was filed, (iv) the original Acceptance Certificate executed by the Lessee with respect to the Equipment; and (v) the original Bill of Sale executed by Lessee and delivered to Borrower with respect to the Equipment;

(i) not modify, compromise, extend, rescind or cancel the Lease or any document, instrument or agreement relating thereto or connected therewith, or consent to a postponement of strict compliance on the part of the Lessee to any term of provision thereof, without the consent of Secured Party;

(j) maintain or cause to be maintained insurance in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which Borrower operates, and such other insurance coverages as may be required by Secured Party, in the form and amount and with companies satisfactory to Secured Party. In addition, Borrower shall cause to be maintained insurance with respect to the Equipment in an amount not less than the outstanding principal balance of the Obligations (unless Secured Party has agreed in writing that Lessee may self-insure), and furnish to Secured Party, upon Secured Party's request, the original policy or binder of all such insurance;

(k) do all acts that a prudent investor would deem necessary or desirable to maintain, preserve and protect the Collateral;

(l) not knowingly use or permit any Equipment to be used unlawfully or in violation of any provision under the Loan Documents or under any applicable statute, regulation or ordinance or any policy of insurance covering the Equipment;

(m) pay (or cause to be paid) prior to their becoming delinquent all taxes, assessments, insurance premiums, charges, encumbrances and liens now or hereafter imposed upon or affecting any Collateral;

(n) appear in and defend, at Borrower's cost and expense, any action or proceeding which may affect its title to or Secured Party's interest in the Collateral, including, without limitation, defending any action or proceedings arising under, growing out of or in any manner connected with the obligations, covenants, conditions or liabilities of Borrower under the Lease;

(o) keep accurate and complete records of the Collateral and provide Secured Party with such records and such reports and information relating to the Collateral as Secured Party may request from time to time;

(p) comply with, and cause Lessee to comply with, all laws, regulations and ordinances relating to the possession, operation, maintenance and control of the Collateral;

(q) give to Secured Party, within ten (10) days after knowledge or notice thereof is obtained by Borrower, written notice of (i) any casualty or loss with respect to any Equipment, (ii) any default or any event or occurrence which, but for the giving of notice or the lapse of time, or both, would be a default by Lessee or Borrower under the Lease or (iii) any other event which might materially change any of the facts represented or warranted by Borrower with respect to any Collateral under the Loan Documents or otherwise;

(r) promptly notify Secured Party if the Lease ceases to be an Eligible Lease;

(s) with respect to insurance naming the Borrower as the loss payee, unless otherwise agreed by Secured Party, pay to Secured Party the proceeds of any such insurance within five (5) days after receipt by Borrower;

(t) keep and maintain the Collateral free and clear of all Liens except Permitted Liens;

(u) faithfully abide by, perform and discharge each and every material obligation, covenant, condition, duty and agreement which the Lease provides are to be performed by Borrower;

(v) use its best efforts to cause the Lessee under the Lease to faithfully abide by, perform and discharge each and every material obligation, covenant, condition, duty and agreement which the Lease provides are to be performed, observed and complied with by such Lessee, including, without limitation, the payment when due of all Lease Receivables; and take such action with respect thereto as Secured Party may request, or, in the absence of such request, as the Borrower may reasonably deem

advisable; provided, however, that Borrower shall not, without the prior written consent of Secured Party, grant or agree to any rebate, refund, compromise or extension with respect to any Lease Receivable or accept any prepayment on account thereof;

(w) not make any material change in its financial structure or the nature of its business as existing or conducted as of the date hereof;

(x) give prompt written notice to Secured Party of any and all Defaults or Events of Default; and

(y) comply with all of its obligations under the Credit Agreement and each other Loan Document.

4.4 Trade Name. Borrower shall notify Secured Party not less than thirty (30) days prior to its using any fictitious trade name, indicating the fictitious name and state(s) of use.

5. DEFAULT

5.1 Events of Default. The occurrence of any one or more of the following described events shall constitute an event of default ("an "Event of Default") under this Agreement:

(a) an Event of Default (as such term is defined in the Credit Agreement) by Borrower under the Credit Agreement;

(b) Borrower shall fail in any material respect to perform or observe any term, covenant or agreement contained in this Agreement; or

(c) Any representation or warranty made by Borrower under or in connection with this Agreement or any Loan Document shall prove to have been incorrect in any material respect when made or given or when deemed to have been made or given.

5.2 Remedies. Upon the occurrence and during the continuance of any Event of Default, whether or not the Obligations are due, Secured Party may, at its sole and absolute election, without demand and only upon such notice as may be required by law:

5.2.1 Acceleration. Declare any or all of Borrower's Obligations owing to Secured Party immediately due and payable, whether or not otherwise due and payable;

5.2.2 **Cease Extending Credit.** Cease making advances or otherwise extending credit to or for the account of Borrower under the Credit Agreement, or under any other agreement now existing or hereafter entered into between Borrower and Secured Party;

5.2.3 **Termination.** Terminate the Credit Agreement as to any future obligation of Secured Party to Borrower without affecting Borrower's Obligations to Secured Party or the rights and remedies of Secured Party under this Agreement, the Credit Agreement, or under any other document, instrument or agreement.

5.2.4 **Protection of Security Interest.** Make such payments and do such acts as Secured Party, in its sole judgment, considers necessary and reasonable to protect its Lien in the Collateral, including, without limitation, the payment or discharge of taxes or Liens levied or placed on or threatened against the Collateral, and obtaining and maintaining insurance required hereunder. Borrower hereby irrevocably authorizes Secured Party to pay, purchase, contest or compromise any encumbrance, lien or claim which Secured Party, in its sole judgment, deems to prior or superior to its security interest in the Collateral. Further, Borrower hereby agrees to pay to Secured Party, upon demand therefor, all out of pocket expenses and expenditures (including reasonable attorneys' fees) incurred in connection with the foregoing.

5.2.5 **Foreclosure.** Enforce its Lien on the Collateral in such manner and such order, as to all or any part of the Collateral, as Secured Party, in its sole judgment, deems to be necessary or appropriate, and Borrower hereby waives any and all rights, obligations or defenses now or hereafter established by law relating to the foregoing. In the enforcement of its Lien on the Collateral, Secured Party is hereby authorized to enter upon the premises where any Collateral is located and take possession of the Collateral, or any part thereof, subject to the rights of the Lessee under the Lease, together with the Records, or the Secured Party may require Borrower to assemble and make available to Secured Party the Collateral and the Records at a place designated by Secured Party. Secured Party may sell the Collateral, or any portion thereof, giving only such notices and following only such procedures as are required by law, at either public or private sale, or both, with or without having the Collateral present at the time of sale, which sale shall be on such terms and conditions and conducted in such manner as Secured Party determines, in its sole judgment, to be commercially reasonable. At any such sale or other disposition Secured Party may itself purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of Borrower, which right is hereby waived and released to the fullest extent permitted by applicable law. Any deficiency which exists after the sale, disposition or liquidation of the Collateral shall be a continuing Obligation of Borrower to Secured Party and shall be immediately paid to Secured Party.

5.2.6 Notice to Lessee. Upon the request of Secured Party, Borrower shall notify and direct the Lessee, or any other party who is or might become obligated to make any payment under the Lease, to make payment thereof to Secured Party (or to the Borrower in care of Secured Party) at such address as Secured Party may designate, and Secured Party may, without further notice to or demand upon Borrower, deliver the Lease Directive to the Lessee. Borrower shall reimburse Secured Party promptly upon demand for all out-of-pocket costs and expenses, including reasonable attorneys' fees and litigation expenses, incurred by Secured Party in seeking to collect any such payment. Upon notice from Secured Party, Borrower shall, forthwith upon receipt, transmit and deliver to Secured Party, in the form received, all cash, checks, drafts and other instruments for the payment of money (properly endorsed where required so that such items may be collected by Secured Party) which may be received by Borrower at any time as payment on account of an amount due under the Lease and, if such request is made, until delivery to Secured Party such items shall be held in trust for Secured Party and not commingled with any of Borrower's other funds or property. Secured Party is hereby authorized and empowered to endorse the name of the Borrower on any check, draft or other instrument for the payment of money received by Secured Party on account of any payment due under the Lease if Secured Party believes such endorsement is necessary or desirable for purposes of collection.

5.2.7 Non-Exclusivity of Remedies. Exercise one or more of Secured Party's rights set forth herein or seek such other rights and pursue such other remedies as may be provided by law, in equity or in any other agreement now existing or hereafter entered between Borrower and Secured Party, including, without limitation, enforce its rights and remedies as a secured party under the Uniform Commercial Code as enacted in any applicable jurisdiction and its rights and remedies as a secured party holding a security interest in collateral pursuant to the Interstate Commerce Act of 1887, as amended. If Secured Party proceeds to enforce any right under this Agreement or otherwise, and such proceedings are discontinued or abandoned for any reason, then in each and every such case Borrower and Secured Party shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the Lien created under this Agreement.

5.2.8 Application of Proceeds. All amounts received by Secured Party as proceeds from the realization, disposition or liquidation of the Collateral, including, without limitation, receipt of insurance proceeds or payment in lieu thereof, shall be applied as follows: (i) first, to the costs and expenses of collection, enforcement, protection and preservation of Secured Party's Lien on the Collateral, including, without limitation, court costs and reasonable attorneys' fees, whether or not suit is commenced by Secured Party; (ii) next, to those costs and expenses incurred by Secured Party in protecting, preserving, enforcing, collecting, liquidating, selling or disposing of the

Collateral; (iii) next, to the payment of accrued and unpaid interest, expenses, fees and other charges outstanding which constitute Obligations, in such order as Secured Party shall, in its discretion, determine; (iv) next to the payment of all amounts of principal outstanding which constitute Obligations. Any excess Collateral or excess proceeds existing after the sale, disposition or liquidation of the Collateral shall be returned or paid by Secured Party to the Borrower.

5.2.9 Power of Attorney/Authorized Action. In connection with the occurrence and continuance of any of the foregoing Events of Default, Borrower hereby appoints Secured Party, with full power of substitution, as its attorney-in-fact with full power and authority to do at any time, and from time to time, any act which Secured Party is obligated by this Agreement to do, and to exercise such rights and powers as Borrower might exercise with respect to the Collateral, including, without limitation, the right to: (i) peaceably enter Borrower's premises where Collateral is located; (ii) give notice of Secured Party's security interest in and collect the Collateral; (iii) execute and file in Borrower's name any financing statements, supplementary security agreements, amendments and continuation statements necessary or desirable to perfect or continue the perfection of Secured Party's security interests in the Collateral; (iv) insure, process and preserve the Collateral; (v) prepare, adjust, execute, deliver and receive payment under insurance claims, and collect and receive payment of and endorse any draft or instrument in payment of loss or returned premiums or any other insurance refund or return with respect to the Collateral; (vi) execute any statements or documents to take possession of, and endorse and collect and receive delivery or payment of, any checks, drafts, notes, acceptances or other instruments and documents constituting the payment of amounts due and to become due or any performance to be rendered with respect to the Collateral; (vii) sign and endorse any storage or warehouse receipts; drafts, certificates and statements under any commercial or standby letter of credit, assignments, leases, bills of sale, or any other documents relating to the Collateral, including, without limitation, the Records; (viii) file any claim or take any other action or proceeding in any court of law or equity or as otherwise deemed appropriate by Secured Party for the purpose of collecting any and all monies due or securing any performance to be rendered with respect to the Collateral; and (ix) commence, prosecute or defend any suits, actions or proceedings or as otherwise deemed appropriate by Secured Party for the purpose of protecting or collecting the Collateral; and in furtherance of this right, Secured Party may apply for the appointment of a receiver or similar official, and, to the fullest extent permitted by law, Borrower hereby waives any right to oppose such appointment; (x) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for, the Collateral; (xi) transfer the Collateral to Secured Party's own or its nominee's name; and (xii) use or operate the Collateral.

The powers of attorney created herein and conferred on Secured Party are coupled with an interest and irrevocable, conferred solely to protect Secured Party's interests in the Collateral, and shall not impose any duty upon Secured Party to exercise such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and in no event shall Secured Party or any of its directors, officers, employees, agents or representatives be responsible to Borrower or any third party for any act or failure to act. Secured Party may exercise such powers of attorney without notice to or assent of Borrower, in the name of Borrower, or in Secured Party's own name, in Secured Party's sole discretion, and at Borrower's expense. Borrower hereby ratifies all that Secured Party shall lawfully do or cause to be done by virtue of this appointment.

6. **LEASE.** It is expressly agreed by Borrower that, anything herein to the contrary notwithstanding, Borrower shall remain liable under the Lease to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof. Secured Party shall have no obligation or liability under the Lease by reason of or arising out of this Agreement, the assignment of the Assigned Lease to Secured Party, or the receipt by Secured Party of any payment relating to the Assigned Lease pursuant hereto, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Borrower under or pursuant to the Assigned Lease, make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by any party under the Assigned Lease, present or file any claim, or to take any action to enforce the observance of any obligations of any party to the Assigned Lease. Secured Party recognizes the right of the Lessee under the Assigned Lease to the quiet enjoyment of the Equipment that is subject thereto so long as such Lessee is not in default under the Lease, and Secured Party agrees that in pursuing its remedies under this Agreement it will not interfere with such quiet enjoyment so long as no such default exists.

7. **MARSHALLING** Secured Party shall not be required to marshal any present or future security for (including, without limitation this Agreement and the Collateral subject to the security interest created hereby), or guaranties of, the Obligations or any of them, or to resort to such security or guaranties in any particular order; and all of its rights hereunder and in respect of such securities and guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may waive such rights, Borrower hereby agrees that it will not invoke any law relating to the marshalling of Collateral which might cause delay in or impede the enforcement of Secured Party's rights under this Agreement or under any instrument or agreement which evidences, secures or guarantees any of the Obligations.

8. SECURED PARTY'S DUTIES.

8.1. Reasonable Care. Borrower hereby acknowledges and agrees that such care as Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when the possession of Secured Party or its custodian; provided, however, that Secured Party shall not be required to make any presentment, demand or protest, or give any notice, and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

8.2 Delivery. Secured Party may at any time deliver the Collateral, or any part thereof, to Borrower and the receipt by Borrower shall be a complete and full acquittance and discharge of Secured Party for the Collateral so delivered.

8.3 Transfer. Upon the transfer of all or any part of the Obligations, Secured Party may transfer all or any part of the Collateral and shall be fully discharged thereafter from all liability and responsibility with respect to such Collateral so transferred. The transferee thereof shall be vested with all of the rights and powers of Secured Party hereunder with respect to such Collateral; provided, however, Secured Party shall retain all rights and powers hereunder with respect to any Collateral not so transferred.

9. NO WAIVER. Neither the failure nor delay by Secured Party in exercising any right hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder or under any other Loan Document preclude other or further exercise thereof or the exercise of any other right; nor shall any waiver of any right or Default or Event of Default hereunder, or under any other Loan Document, constitute a waiver of any other right or default or constitute a waiver of any other default of the same or any other term of provisions. Each and every right, remedy and power granted to Secured Party hereunder or allowed to it by law or other agreement, including, without limitation, the Credit Agreement and any other Loan Document, shall be cumulative and not exclusive of any other, and may be exercised by Secured Party from time to time.

10. INDEMNIFICATION. Borrower hereby agrees to indemnify Secured Party against, and hold Secured Party harmless from and against claims, actions, liabilities, losses, and expenses, including attorneys' fees and costs incurred by Secured Party, arising from (i) any adverse claim asserted against Secured Party relating to any monies rightfully received by Secured Party on account of any Collateral, and (ii) any contention, whether well-founded or otherwise, that (a) there has been a failure by Borrower to comply with any law or regulation applicable to the Collateral, or to any property relating to such Collateral, or (b) Borrower has breached any obligation to any of its customers, or that

Secured Party owed any obligation to Borrower's customers, or to any other third party and breached such obligation, except for Secured Party's own gross negligence or willful misconduct or Secured Party's bad faith breach of Lessee's right to quiet enjoyment of the Equipment. Such indemnity obligations of Borrower shall continue in effect after and notwithstanding the discharge of the Obligations and the release of Secured Party's Lien on the Collateral.

11. EXPENSES. Borrower agrees to pay or reimburse Secured Party within five (5) business days after demand for all costs and expenses incurred by Secured Party in connection with any amendment, modification, approval, consent or waiver with respect to this Agreement or any other Loan Document, the enforcement, attempted enforcement, and preservation of any rights of remedies (including those incidental to the sale of, or realization upon, any of the Collateral or in any way relating to the perfection, enforcement or protection of the rights of Secured Party hereunder, and in connection with any restructuring regarding the Obligations and in any insolvency or appellate proceeding) under this Agreement, including attorney fees incurred by Secured Party; and, in the event of any action in relation to this Agreement or any Loan Document, the prevailing party, in addition to all other sums to which it may be entitled, shall be entitled to reasonable attorneys' fees. Secured Party may at any time apply to the payment of all such costs and expenses all monies of Borrower or other proceeds arising from its possession or disposition of all or any portion of the Collateral pursuant to this Agreement.

12. CONSENTS, AMENDMENTS, WAIVERS, ETC. No amendment or modification of this Agreement shall be effective unless in writing and signed by the Borrower and the Secured Party. Neither the failure nor delay by the Secured Party in exercising any right hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder or under any Loan Document preclude other or further exercise thereof or the exercise of any other right; nor shall any waiver of any right or Default or Event of Default hereunder, or under any other Loan Document constitute a waiver of any other right or Default or Event of Default constitute a waiver of any other default of the same or any other term of provision.

13. RELIANCE. Each warranty, representation, covenant, obligation and agreement contained in this Agreement shall be conclusively presumed to have been relied upon by Secured Party, regardless of any investigation made or information possessed by Secured Party, and shall be cumulative and in addition to any other warranties, representations, covenants and agreements which Borrower now or hereafter shall give, or cause to be given, to Secured Party.

14. CONFLICTING PROVISIONS. To the extent the provisions contained in this Agreement are inconsistent with those contained in any other Loan Document, the

terms and provisions contained herein shall control. Otherwise, such provisions shall be considered cumulative.

15. GOVERNING LAW. Except as otherwise required by the laws of any jurisdiction in which any Collateral is located or by applicable law of the United States of America, this Agreement and the parties' rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of law principles.

16. PARTIES IN INTEREST. All terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided that Borrower may not assign or transfer its rights hereunder without the prior consent of the Secured Party and the Secured Party may assign or transfer its rights hereunder only in accordance with Section 12.9 of the Credit Agreement.

17. HEADINGS. The headings herein set forth are solely for the purpose of identification and have no legal significance.

18. TERMINATION. Upon payment and performance in full of the Obligations, this Agreement shall terminate and Borrower shall be entitled to the return, at Borrower's expense, of such Collateral in the possession or control of Secured Party as has not theretofore been disposed of pursuant to the provisions hereof. The Secured Party will take such actions as Borrower may reasonably request in order to terminate of record the Liens created hereby.

19. NOTICES. Except as otherwise expressly provided herein, all notices, consents, waivers, approvals shall be in writing. Notices and other communications made or required to be given pursuant to this Agreement shall be made in accordance with the provisions of Section 12.6 of the Credit Agreement.

20. DISPUTE RESOLUTION. The provisions of Section 11 of the Credit Agreement are incorporated herein by reference thereto.


21. ENTIRE AGREEMENT. This Agreement is intended by Borrower and Secured Party as the final expression of Borrower's obligations to Secured Party in connection with the Collateral and supersedes all prior understandings or agreements concerning the subject matter hereof.

22. LIMITATION ON COLLATERAL. Secured Party hereby recognizes and acknowledges that the Assigned Lease represents only the portion of the Lease and the rights thereunder as it relates to the Equipment, and the Equipment represents only a portion of the equipment leased pursuant to the Lease, and that Secured Party does not have, nor shall it claim an interest in the Lease or the rights thereunder or the equipment leased pursuant to the lease except to the extent specifically granted by Borrower to Secured Party hereunder.

IN WITNESS WHEREOF, the Secured Party has caused this Agreement to be duly executed as an instrument under seal by its authorized representative as of the date first written above.

ATEL CASH DISTRIBUTION FUND VI,
a California limited partnership

By: ATEL Financial Corporation,
General Partner

By: 
Name: A. J. Batt
Title: President

ACKNOWLEDGED AND ACCEPTED:

SANWA BANK CALIFORNIA,
a State Chartered Bank

By: 
Katherine J. Zinsser
Vice President

**SCHEDULE 1
TO
SECURITY AGREEMENT**

(36) 3000 H.P. Model SD402-2 Diesel Electric Locomotives built by General Motors Corporation/Electro-Motive Division and bearing Lessee's Identification Numbers (inclusive) CR6441 through CR6476 and at an original cost of \$353,636 per Unit or \$12,730,896 in total aggregate.

EXHIBIT A TO SECURITY AGREEMENT
(ON ATEL FINANCIAL CORPORATION STATIONARY)

Consolidated Rail Corporation
2001 Market Street, Suite 25-A
P.O. Box 41425
Philadelphia, PA 19101-1425

Attention: Thomas J. McGraw
Director - Finance

Re: Railroad Equipment Lease (Net) between
ATEL Cash Distribution Fund VI, L.P.,
a California limited partnership ("ATEL"), Lessor,
and Consolidated Rail Corporation, a
Pennsylvania corporation, Lessee,
dated as of September 29, 1995 (the "Lease")

Dear Mr. McGraw:

You are hereby notified that the Lease and the rights thereunder, but solely as they relate to the equipment listed on Schedule 1 attached hereto (the "Equipment"), and the rentals and all other amounts payable to ATEL thereunder, but solely as such Lease rentals and other amounts payable relate to the Equipment (the "Assigned Receivables"), have been assigned to Sanwa Bank California, a state chartered bank ("Sanwa") (the Lease, as it relates to the Equipment, and the Assigned Receivables shall be referred to collectively as the "Assigned Lease"). The Assigned Lease represents only the portion of the Lease and the rights thereunder as it relates to the Equipment, and the Equipment represents only a portion of the equipment leased pursuant to the Lease, and Sanwa does not have, nor shall it claim an interest in the Lease or the rights thereunder or the equipment leased pursuant to the lease except the Equipment and the Assigned Lease.

You are hereby directed to pay Sanwa Bank California, at 444 Market Street, 23rd Floor, San Francisco, California 94111, attention: Katherine Zinsser, or as it may direct, all Assigned Receivables.

ATEL CASH DISTRIBUTION
FUND VI, L.P., a California
Limited Partnership

By: ATEL Financial Corporation,
Its General Partner

By: _____

ACKNOWLEDGMENTS

STATE OF CALIFORNIA

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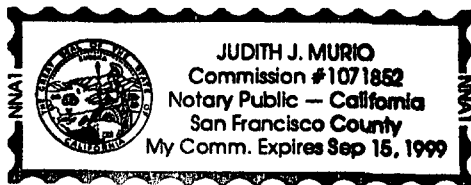
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CITY AND COUNTY OF SAN FRANCISCO

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On this 30th day of November, 1995,
A.J. Batt, to me known (or proved to me on the
basis of satisfactory evidence) to be such person and officer of ATEL Financial
Corporation, the General Partner of ATEL Cash Distribution Fund VI, L.P., a California
Limited Partnership, who executed the foregoing instrument, and acknowledged to me that
he executed the same in his authorized capacity, and that by his signature on the
instrument the entity upon behalf of which he acted executed the instrument.

WITNESS my hand and official seal.



(Notarial Seal)

~~Notary Public~~

Name (Typed or Printed)

My Commission Expires: 9.15.99

STATE OF CALIFORNIA

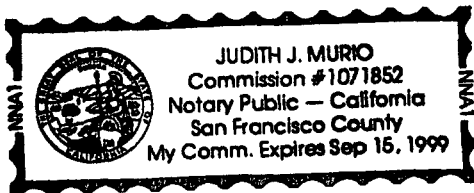
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) SS.

CITY AND COUNTY OF SAN FRANCISCO

)

WITNESS my hand and official seal.



(Notarial Seal)

Notary Public

Name (Typed or Printed)

My Commission Expires: 9.15.99